

On this page Clarion reprints information from the PSC's audited financial statement for the years ending August 31, 2015, and 2014. The introductory text and the text of Note 1 are abridged. The full audited statement, which includes figures for the year ending August 31, 2015, and 2014 is available at psc-cuny.org/PSC-budget-FY2015.

PROFESSIONAL STAFF CONGRESS/CUNY
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
AUGUST 31, 2015, and 2014

Independent Auditor's Report

To the Executive Board of Professional Staff Congress/CUNY

We have audited the accompanying financial statements of the Professional Staff Congress of the City University of New York (PSC/CUNY), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements: Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility: Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015, AND 2014

NOTE 1. ORGANIZATION AND TAX STATUS

The Professional Staff Congress of the City University of New York (PSC/CUNY) was created by a merger of the Legislative Conference of The City University of New York and the United Federation of College Teachers. It was created to be the collective bargaining representative of the instructional staff of the City University of New York (CUNY). The Professional Staff Congress of the City University of New York is a Local (Local 2334) of the American Federation of Teachers (AFT). Through the AFT, PSC/CUNY is affiliated with The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting – The accompanying financial statements are prepared using the accrual basis of accounting. Net assets are classified as unrestricted, temporarily restricted or permanently restricted. Net assets are generally reported as unrestricted unless assets are received from donors with explicit stipulations that limit the use of the asset. PSC/CUNY does not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents – PSC/CUNY considers all unrestricted cash and highly liquid investments, including certificates of deposit with initial maturities of three months or less, to be cash equivalents.

Investments – Investments are carried at fair value which generally represents quoted market prices, or the net asset value of the mutual funds, as of the last business day of the fiscal year as provided by the custodian or investment manager. Certificates of deposit are carried at cost which approximates fair value. Certificates of deposit that have initial maturity dates of more than three months are considered to be investments.

Property and Equipment – Property and equipment are recorded at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed over the assets' estimated useful lives, three to 30 years, by the straight line method. Depreciation expense was \$106,357 for the year ended August 31, 2015, and \$100,275 for 2014.

Accrued Compensated Balances – Future employee absences that have been earned but not yet taken are accrued within the contract limits. The accrued compensated balances were \$481,472 for the year ended August 31, 2015, and \$471,847 for 2014.

Deferred Rent – Operating leases are recognized on a straight-line basis over the term of the lease. Deferred rent has been recorded for the difference between the fixed payment and the rent expense. Deferred rent was \$893,170 for the year ended August 31, 2015, and \$871,690 for 2014.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Reclassifications – Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

NOTE 3. CONCENTRATION OF CASH

PSC/CUNY places its cash with financial institutions deemed to be creditworthy. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances may at times exceed the insurance deposit limits. As of August 31, 2015, PSC/CUNY's cash in excess of FDIC coverage totaled \$582,423.

NOTE 4. INVESTMENTS

The following summary presents the fair value for each of the PSC/CUNY's investment categories.

	2015	2014
Investments at fair value as determined by quoted market price or net asset value of the fund:		
Mutual funds	\$ 5,335,902	\$ 5,304,761

The following are the balances as of or for the years ended August 31, 2015, and 2014 as provided by the Plan's actuary:

	2015	2014
Projected benefit obligation	\$(4,681,141)	\$(4,172,301)
Fair value of plan assets	2,732,837	2,720,102
Funded status	\$(1,948,304)	\$(1,452,199)
Accumulated benefit obligation	\$(807,000)	\$(595,398)
Amounts recognized in the statement of financial position:		
Noncurrent assets	-	-
Current liabilities	-	-
Noncurrent liabilities	(1,948,304)	(1,452,199)
Amounts in net assets not recognized as components of net periodic benefit cost:		
Accumulated net gain or (loss)	(1,141,304)	(856,801)
Weighted-average assumptions:		
Discount rate	3.75%	5.00%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	4.00%	4.00%
Employer contributions	\$ 215,004	\$ 215,004
Benefits paid	\$ 13,621	\$ -
Net periodic pension cost	\$ 426,081	\$ 518,140
The change in unfunded pension benefit obligations consists of the following:		
Net periodic pension cost	\$ 426,081	\$ 518,140
Less: Employer remittances	(215,004)	(215,004)
	211,077	303,136
Increase (decrease) in unrecognized accumulated net gain or loss	285,028	(151,486)
	\$ 496,105	\$ 151,650

In 2015 and 2014, PSC/CUNY has recorded a loss of \$285,028 and a gain of \$151,486, respectively, to its net assets for the additional change in accrued pension payable beyond the current-year pension expense.

The Plan's expected long-term rate of return on assets assumption is 7.00%. This assumption represents the rate of return on Plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

At August 31, 2015, and 2014, the Plan's net assets available for benefits were allocated as follows:

	2015	2014
Mutual funds	21.55%	23.40%
Common stock	49.15%	52.64%
United States Government and Government Agency obligations	24.95%	19.69%
Cash and cash equivalents	4.35%	4.27%
The major classes of Plan investments at August 31, 2015, and 2014 are:		
	2015	2014
	Fair Value	Fair Value
Mutual funds	\$ 588,950	\$ 636,606
Common stock	1,343,214	1,431,964
United States Government and Government Agency obligations	681,877	535,543
Cash and cash equivalents	118,796	115,989
	\$ 2,732,837	\$ 2,720,102

For the years ended August 31, 2015, and 2014, there were no transfers in or out of levels 1, 2, and 3.

Fair Value Measurements at August 31, 2015

	Total	Level 1	Level 2
Cash and cash equivalents	\$ 118,796	\$ 118,796	-
Common stock:			
Basic materials	185,187	185,187	-
Consumer goods	155,715	155,715	-
Financial	161,506	161,506	-
Healthcare	170,883	170,883	-

EXHIBIT A*
PROFESSIONAL STAFF CONGRESS/CUNY
BALANCE SHEET – AUGUST 31, 2015

	2015
ASSETS	
Cash and cash equivalents	\$ 832,714
Investments – at fair value	
Certificates of deposit	992,000
Mutual funds	5,335,902
Total investments	6,327,902
Receivables	
Dues	971,000
Due from related entities	624,000
Due from other	774
Total receivables	1,595,774
Property and equipment	
Equipment	657,240
Leasehold improvements	529,641
Furniture and fixtures	330,967
	1,517,848
Less: accumulated depreciation	(1,111,641)
Net property and equipment	406,207
Total assets	\$ 9,162,597
LIABILITIES AND NET ASSETS	
Current liabilities	
Accrued expenses	238,786
Accrued compensated balances	481,472
Due to related entities	2,223,142
Total current liabilities	2,943,400
Long-term liabilities	
Deferred rent	893,170
Unfunded projected pension benefit obligation	1,948,304
Total long-term liabilities	2,841,474
Total liabilities	5,784,874
Unrestricted net assets	3,377,723
Total liabilities and net assets	\$ 9,162,597

Industrial goods	6,730	76,730	-
Services	310,548	310,548	-
Technology	282,645	282,645	-
U.S. Government and Government Agency obligations:			
United States Treasury	195,242	195,242	-
Government agencies	486,635	-	486,635
Mutual funds:			
Fixed income	333,317	333,317	-
Equity	255,633	255,633	-
	\$ 2,732,837	\$ 2,246,202	\$ 486,635

	Total	Level 1	Level 2
Cash & cash equivalents	\$ 115,989	\$ 115,989	-
Common stock:			
Basic materials	385,515	385,515	-
Consumer goods	146,191	146,191	-
Financial	88,672	88,672	-
Healthcare	121,815	121,815	-
Industrial goods	93,382	93,382	-
Services	329,112	329,112	-
Technology	267,277	267,277	-
U.S. Government and Government Agency obligations:			
United States Treasury	216,042	216,042	-
Government agencies	319,501	-	319,501
Mutual funds:			
Fixed income	\$ 332,417	\$ 332,417	-
Equity	304,189	304,189	-
	\$ 2,720,102	\$ 2,400,601	\$ 319,501

PSC/CUNY's investment policies are designed to ensure that adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, PSC/CUNY formulates the investment portfolio composed of the optimal combination of cash and cash equivalents, equities, fixed income and mutual funds.

Future Cash Flows

The projected contribution for next fiscal year is \$215,004.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

2016	\$ 673,990
2017	-
2018	-
2019	-
2020	1,030,800
2021-2025	2,813,549

NOTE 7. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN

PSC/CUNY participates in the Office and Professional Employees International Union, Local 153 Pension Fund, a multiemployer defined benefit pension plan, under the terms of a collective bargaining agreement that covers its union-represented employees who meet age and service requirements. The risks of participating in multiemployer defined benefit pension plans are different from single-employer plans in the following aspects:

a. Assets contributed to the multiemployer defined benefit pension plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the multiemployer defined benefit pension plan, the unfunded obligations of the multiemployer defined benefit pension plan may be borne by the remaining participating employers.

c. If the Plan chooses to stop participating in the multiemployer defined benefit pension plan, the Plan may be required to pay the multiemployer defined benefit pension plan an amount based on the underfunded status of the multiemployer defined benefit pension plan, referred to as a withdrawal liability.

PSC/CUNY's participation in the multiemployer defined benefit pension plan for the annual periods ended August 31, 2015, and 2014, is outlined in the

table below. The zone status is based on information that PSC/CUNY received from the multiemployer defined benefit pension plan and is certified by the multiemployer defined benefit pension plan's actuary. Among other factors, pension plans in the red zone are generally less than 65 percent funded, pension plans in the yellow zone are less than 80 percent funded, and pension plans in the green zone are at least 80 percent funded.

SEE TABLE 1 (PAGE 9)

* PSC/CUNY participates in the Local 153 Pension Fund through a collective bargaining agreement between PSC/CUNY and the Office & Professional Employees International Union, Local 153, AFL-CIO. The collective bargaining agreement has a three year term of October 1, 2012, through September 30, 2015.

SEE TABLE 2 (PAGE 9)

* The employer contribution rate of the Pension Plan was \$161 per week per employee effective June 1, 2013, \$177 effective June 1, 2014, and \$195 effective June 1, 2015.

SEE TABLE 3 (PAGE 9)

NOTE 8. MULTIEMPLOYER PLAN THAT PROVIDES POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

PSC/CUNY contributed to one multiemployer defined benefit health and welfare plan during the years ended August 31, 2015, and 2014 that provides postretirement benefits for its full-time support staff employees. PSC/CUNY's contributions to the welfare plan on behalf of its full-time employees, contribution rates and number of employees covered are as follows:

SEE TABLE 4 (PAGE 9)

The monthly contribution rate per active employee and retiree was \$1,919 and \$861, respectively, for the years ended August 31, 2015, and 2014. Effective January 1, 2015, regular contributions for support staff members to PSC/CUNY 153 Health Fund ceased and PSC/CUNY began contributing to New York State United Teachers (NYSUT) to participate in their health plan under which the professional staff is covered. After January 1, 2015, PSC/CUNY contributed \$66 per month to PSC/CUNY 153 Health Fund per active employee and \$8 per month per retiree for life insurance and vision benefits, and disability for active employees.

NOTE 9. RELATED PARTY TRANSACTIONS

Identification of Related Organizations

PSC/CUNY has the following related entities:

- American Federation of Teachers (AFT)
- New York State United Teachers (NYSUT)
- Professional Staff Congress of the City University of New York Welfare Fund
- The American Association of University Professors (AAUP)

The entities listed above share common trustees, officers or affiliation with PSC/CUNY.

PSC/CUNY is affiliated with New York State United Teachers (NYSUT) and the American Federation of Teachers (AFT) through arrangements whereby PSC/CUNY pays dues to each entity in order for its members to participate in affiliated programs and, in turn, is reimbursed for various expenses, including reimbursements for meetings, organizing, legislative representation, training programs and arbitration.

Dues paid to NYSUT for the years ended August 31, 2015, and 2014 were \$6,604,035 and \$6,185,300, respectively. As of August 31, 2015, and 2014, PSC/CUNY owed NYSUT for dues \$1,460,512 and \$811,000, respectively. Dues paid to AFT for the years ended August 31, 2015, and 2014 were \$3,333,962 and \$3,127,314, respectively. As of August 31, 2015, and 2014, PSC/CUNY owed AFT for dues \$762,630 and \$423,000, respectively.

Reimbursements from NYSUT for the years ended August 31, 2015, and 2014 were \$3,315,113 and \$3,107,363, respectively. As of August 31, 2015, and

Continued on page 9

EXHIBIT B*
PROFESSIONAL STAFF CONGRESS/CUNY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	2015
Revenues	
Membership dues and agency fees	\$ 14,177,108
Organizing assistance	3,568,744
Investment income	
Net realized and unrealized gains (losses)	(83,499)
Interest and dividends	148,512
Less investment fees	(15,325)
Rental income	222,459
Total revenues	18,017,999
Expenses	
Affiliation fees	10,222,776
Salaries, employee benefits and payroll taxes	4,887,649
Representational and governance	241,899
Public relations	149,516
Building expenses	1,359,201
Administrative, office and general	434,858
Professional fees	478,633
Contract & budget campaigns	503,363
Stipends and reassigned time	367,075
Depreciation expense	106,357
Total expenses	18,751,327
Net (decrease) increase in net assets	(733,328)
Net assets, unrestricted	
Beginning of year	4,396,079
Adjustment to pension liability funded status	(285,028)
End of year	\$ 3,377,723

*See accompanying notes to financial statements.

EXHIBIT C*
PROFESSIONAL STAFF CONGRESS/CUNY
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2015

	2015
Cash flows from operating activities	
Change in net assets	\$(733,328)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	106,357
Net realized and unrealized losses (gains)	83,499
Pension liability funded status	(285,028)
(Increase) decrease in assets:	
Dues receivable	(84,000)
Due from related entities	(364,607)
Due from other	(774)
Increase (decrease) in liabilities	
Accrued expenses	(17,816)
Accrued compensated absences	9,625
Due to related entities	989,142
Unfunded pension liability	496,105
Deferred rent	21,480
Net cash provided by operating activities	220,655
Cash flows from investing activities	
Purchase of property and equipment	(7,186)
Purchase of certificates of deposit	(198,000)
Liquidation of certificates of deposit	198,000
Sale of investments	553,204
Purchase of investments	(667,844)
Net cash used for investing activities	(121,826)
Net increase in cash	98,829
Cash and cash equivalents	
Beginning of year	733,885
End of year	\$ 832,714

PSC Budget

Continued from page 8

2014, the NYSUT owed PSC/CUNY \$585,000 and \$228,393, respectively. Reimbursements from AFT for the years ended August 31, 2015, and 2014 were \$247,801 and \$235,062, respectively. As of August 31, 2015, and 2014, AFT owed PSC/CUNY \$32,000 and \$31,000, respectively.

Office Space Leases

PSC/CUNY leases office space from 61 Broadway Owner, LLC (the Realty Corp). On September 30, 2005, PSC/CUNY entered into a 16 year lease with the Realty Corp for Suites 1500 and 1615 of the 61 Broadway building. The lease was amended on August 4, 2009, and May 17, 2012, to include Suites 1630 and 1610, respectively. The leases, all which expire on August 31, 2022, are classified as operating leases and provide for minimum annual rentals, plus certain additional expense escalations and utility charges. Per the agreement, PSC/CUNY is also responsible for its portion of real estate taxes.

The minimum annual future rental payments under the three leases are summarized as follows:

Year ending August 31,	
2016	\$ 1,102,872
2017	1,171,395
2018	1,195,401
2019	1,219,899
2020	1,247,967
Thereafter	2,591,979
Total	\$ 8,529,513

Rent including utilities was \$1,206,201 for the year ended August 31, 2015, and \$1,205,591 for 2014.

PSC/CUNY subleases office space to the Professional Staff Congress of the City University of New York Welfare Fund, a related party. The Welfare Fund pays PSC/CUNY a sum equal to 23.90% of the lease of Suite 1500. The sublease expires on August 31, 2022.

The minimum annual future rental income under the sublease

with the related party is summarized as follows:

Year ending August 31,		
2016	\$ 185,379	
2017	200,055	
2018	204,056	
2019	208,137	
2020	212,300	
Thereafter	437,423	
Total	\$ 1,447,350	

Total rental income for the years ended August 31, 2015, and 2014 was \$222,459 and \$208,887, respectively. As of August 31, 2015, the Welfare Fund owed PSC/CUNY \$7,000 for rent.

NOTE 10. FUNCTIONAL EXPENSES

PSC/CUNY expended \$18,751,327 for the year ended August 31, 2015, and \$17,651,119 for 2014. PSC/CUNY has estimated that on a functional classification basis these expenses would be allocated as follows:

	2015	2014
Union activities	83%	82%
Management and administrative	17	18
Total	100%	100%

NOTE 11. LITIGATION

Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against PSC/CUNY. In the opinion of PSC/CUNY's management and legal counsel, the ultimate outcome of these claims will not have a material adverse effect on the financial position of PSC/CUNY.

NOTE 12. SUBSEQUENT EVENTS

PSC/CUNY has evaluated subsequent events through March 15, 2016, the date the financial statements were available to be issued, and they have been evaluated in accordance with relevant accounting standards.

TABLE 1

Legal Name of Pension Plan	Pension Plan's Employer Identification Number	Pension Plan's Plan Number	Pension Protection Act Zone Status				Expiration Date of Collective Bargaining Agreement
			Zone Status	Extended Amortization Provisions Used?	Zone Status	Extended Amortization Provisions Used?	
Local 153 Pension Fund	13-2864289	001	Red as of 01/01/15	No	Red as of 01/01/14	No	*

TABLE 2

Legal Name of Pension Plan	Contributions paid by the Plan directly to the Pension Plan		Contributions to the Pension Plan greater than 5% of total Pension Plan contributions (Plan year ending)		Employer Contribution Rate of the Pension Plan		Number of Employees Covered by the Pension Plan for which the Plan contributes directly to the Pension Plan	
	8/31/2015	8/31/2014	No, Plan year ending 8/31/15.	No, Plan year ending 8/31/14.	8/31/2015	8/31/2014	8/31/2015	8/31/2014
Local 153 Pension Fund	\$ 108,533	\$ 102,213			*	*	13	12

TABLE 3

Legal Name of Pension Plan	Funding Improvement Plan or Rehabilitation Plan Implemented or Pending?	Surcharge paid to Pension Plan by the Benefit Funds?	Minimum contributions required in future by CBA, statutory requirements, or other contractual requirements?	
			No?	If yes, description
Local 153 Pension Fund	Rehabilitation Plan Implemented	Yes	No	N/A

TABLE 4

Legal Name of Plan providing postretirement benefits other than pension	Contributions to Plan		Employer contribution rates		Number of employees covered by Plan	
	8/31/2015	8/31/2014	8/31/2015	8/31/2014	8/31/2015	8/31/2014
Local 153 Health Fund	\$ 265,964	\$ 298,285	*	*	17	16